

Message Text

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C O N F I D E N T I A L SECTION 1 OF 2 LIMA 3483

E.O. 11652: GDS

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SUBJ: PROSPECTS FOR A NEW POLITICAL ARRANGEMENT

SUMMARY: THE LOSS OF DOMESTIC AND INTERNATIONAL CONFIDENCE IN THE ABILITY OF PERU'S MILITARY GOVERNMENT TO MANAGE THE CURRENT ECONOMIC CRISIS HAS PROMPTED INCREASED SPECULATION ABOUT A NEW CIVILIAN-MILITARY POLITICAL ARRANGEMENT PRIOR TO 1980. PROSPECTS REMAIN GOOD FOR THE JUNE 4 ELECTION BUT THE PERIOD BETWEEN THEN AND THE JULY 28 SCHEDULED OPENING OF THE CONSTITUENT ASSEMBLY WILL LIKELY BE ONE OF INTENSE INTERNAL NEGOTIATION. THE SCENARIOS ADVANCED CENTER ON THE INCORPORATION OF RESPECTED CIVILIANS IN THE CURRENT CABINET, ESPECIALLY IN THE ECONOMIC PORTFOLIOS, AND/OR THE SHARING OF POWER WITH THE MAJOR POLITICAL PARTIES. THERE ARE VARIOUS WEAKNESSES IN THESE PROPOSALS, BUT SOME SORT OF ACCORD MAY PROVE TO BE THE ONLY VIABLE ALTERNATIVE TO THE COLLAPSE OF THE GOP'S POLITICAL PLAN.
END SUMMARY

1. THE EROSION OF PUBLIC CONFIDENCE IN THE MILITARY GOVERNMENT'S ABILITY TO MANAGE THE CURRENT ECONOMIC
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CRISIS HAS REACHED THE POINT WHERE PUBLICLY, AND WITHIN THE INNER CIRCLES OF GOVERNMENT, THE POSSIBILITY OF A NEW CIVILIAN-MILITARY POLITICAL AGREEMENT IS BEING DISCUSSED AS ONE MEANS TO MOVE THE GOVERNMENT OFF DEAD CENTER. THE RESURGENCE OF PARTISAN POLITICAL ACTIVITY AND THE REAPPEARANCE OF UNCENSORED PERIODICALS HAVE STIMULATED PUBLIC SPECULATION ABOUT A "THIRD PHASE"

OF THE PERUVIAN REVOLUTION.

2. VARIOUS ALTERNATIVE POLITICAL SOLUTIONS ARE BEING ADVANCED ALTHOUGH PUBLICLY, AT LEAST, THE MILITARY GOVERNMENT STICKS TO THE TIMETABLE IT HAS SET WHICH ENVISAGES NO RELINQUISHMENT OF REAL POWER TO CIVILIANS UNTIL 1980. FORMER PRESIDENT BELAUNDE, OF COURSE, SEES THE SOLUTION TO THE POLITICAL AND ECONOMIC CRISIS IN THE IMMEDIATE CONVOCAION OF GENERAL ELECTIONS AND HAS PULLED OUT OF THE CONSTITUENT ASSEMBLY CONTEST, IN PART AT LEAST, IN SUPPORT OF THIS THESIS. HOWEVER, THERE IS NO APPARENT SUPPORT FOR THAT IDEA WITHIN THE MILITARY, WHERE THE "LANUSSE EXAMPLE" IS STILL EVOKED. NOR DOES APRA FAVOR THE SCHEME. ON THE OTHER EXTREME, ADMIRAL PARODI, REFLECTING THE RIGHT WING VIEWS OF THE NAVY, IS ALLEGED TO HAVE SUGGESTED THE IMMEDIATE IMPLEMENTATION OF A "BRAZILIAN PLAN" TO DEAL WITH THE CURRENT CRISIS, INCLUDING SUSPENSION OF THE ASSEMBLY ELECTIONS AND INSTALLATION OF A "TECHNOCRATIC" CIVILIAN CABINET WITH EMERGENCY POWERS.

3. IN THE MIDDLE, VARIOUS COMPROMISE SCENARIOS HAVE BEEN SUGGESTED TO RESTORE SOME SENSE OF CONFIDENCE IN THE GOVERNMENT WHILE PERMITTING IT TO SAVE FACE BY RETAINING THE ELECTION SCHEDULE. THESE CENTER ON TWO MAIN APPROACHES: THE INCLUSION OF COMPETENT CIVILIANS IN THE CONFIDENTIAL

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CURRENT CABINET, ESPECIALLY IN ECONOMIC POSTS, AND/OR A NEW POLITICAL ARRANGEMENT BETWEEN THE MAJOR PARTIES IN WHICH POWER AND RESPONSIBILITY WOULD BE SHARED.

4. NEAR TERM PROSPECTS. PRIOR TO THE JUNE 4 ELECTIONS, IT IS UNLIKELY THAT A MAJOR NEW CIVILIAN-MILITARY POLITICAL ACCORD CAN OR WILL BE REACHED, IF FOR NO OTHER REASON THAN THAT THE RELATIVE STANDING OF THE PRINCIPAL POLITICAL PARTIES HAS YET TO BE DETERMINED. THERE IS, HOWEVER, THE POSSIBILITY THAT THE MILITARY GOVERNMENT, HAVING EXHAUSTED OTHER MEANS TO REESTABLISH DOMESTIC AND INTERNATIONAL CONFIDENCE IN ITS ABILITY TO MANAGE THE COUNTRY'S PROBLEMS, MIGHT SEEK RESPECTED CIVILIANS FOR SELECT CABINET POSTS (A "SUICIDE CABINET" AS ONE MAGAZINE CALLS IT). FROM THE POINT OF VIEW OF THE MILITARY, THIS COULD SERVE TO SHIFT SOME OF THE BLAME

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C O N F I D E N T I A L SECTION 2 OF 2 LIMA 3483

FOR THE UNPOPULAR BUT INEVITABLE NEW AUSTERITY MEASURES TO THE CIVILIAN SECTOR. IN THE CIRCUMSTANCES, AND IN VIEW OF THE SHORT-LIVED CAREERS OF THE LAST TWO CIVILIAN FINANCE MINISTERS, THE GOP COULD BE EXPECTED TO HAVE CONSIDERABLE TROUBLE IN FINDING CIVILIANS OF STATURE WILLING TO TAKE CABINET POSTS.

5. POST ELECTION PROSPECTS. AFTER THE ELECTIONS, THE PROSPECTS FOR A NEW ARRANGMENT CHANGE. THE ASSEMBLY, AS THE GOVERNMENT HAS OFTEN SAID, IS TO WRITE A NEW CONSTITUTION, NOT TO GOVERN. HOWEVER, IT HAS LONG BEEN KNOWN THAT MORALES BERMUDEZ SEES IT ALSO AS A POSSIBLE MEANS TO LEGITIMIZE HIS PRESIDENCY AS HEAD OF A TRANSITIONAL GOVERNMENT IN WHICH THE ASSEMBLY WOULD, IN FACT, PARTICIPATE. TO THIS END, HE HAS HELD DISCUSSIONS WITH APRA'S HAYA DE LA TORRE IN AN EFFORT TO FORGE AN AGREEMENT IN WHICH AN APRA-DOMINATED BODY WOULD ENDORSE MORALES IN EXCHANGE FOR A SAY IN GOVERNMENT DECISIONS (IN EFFECT, SOME FORM OF AN INTERIM LEGISLATURE). INDEED, DISCUSSIONS WITH APRA WHICH TENDS TO SUPPORT SUCH AN ACCORD, REPORTEDLY CONTINUE THROUGH THE PRESIDENT'S SON, REGIGIO. AND, FROM THE
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ARMED FORCES' POINT OF VIEW, AN AGREEMENT WITH THE MODERATE-REFORMIST PARTY WOULD OFFER A MEANS TO MOVE GRACEFULLY OUT OF GOVERNMENT OVER TIME.

6. THIS PLAN, HOWEVER, HAS NOW BEEN UNDERMINED BY

BELAUNDE'S WITHDRAWAL FROM THE RACE. APRA HAD COUNTED ON BELAUNDE'S AP AND BEDOYA'S PPC TO SPLIT THE CENTER AND CENTER-RIGHT VOTES, LEAVING APRA WITH THE LARGEST SINGLE BLOCK OF ASSEMBLY SEATS AND IN THE BEST BARGAINING POSITION TO FORM A VOTING MAJORITY. APRA NOW FACES BEDOYA ALONE ON THE MIDDLE GROUND AND HIS PARTY IS WAGING A VERY STRONG CAMPAIGN TO TAKE THE AP VOTES AS WELL. IN FACT, THE PPC NOW VOICES THE HOPE (NOT TALLY UNFOUNDED) OF WINNING THE PLURALITY. AS A CONSEQUENCE, THE APRA ELECTION PROGAGANDA HAS REJECTED INCREASING RESERVATIONS ABOUT THE CONSTITUENT ASSEMBLY ELECTIONS, INCLUDING A VAGUE STATEMENT BY HAYA OF POSSIBLE ELECTION FRAUD. AT THE SAME TIME. BEDOYA HAS TATED THAT PARTICIPATION IN AN INTERIM GOVERNMENT WOULD BE A TRAP FOR THE POLITICAL PARTIES WHO WOULD SHARE IN THE RESPONSIBILITY FOR THE ECONOMIC DISCONTENT BUT WITHOUT REAL POWER TO DANTHING ABOUT IT. (BEDOYA, WHILE PUBLICLY OPPOSED TO SUCH A CIVILIAN-MILITARY DEAL, IN PRIVATE HAS NOT RULED IT OUT ALTOGEHTER). FINALLY, BELAUNDE AND THE AP REMAIN OUTSIDE THE PROCESS, READY TO CRITICIZE THE GOVERNMENT, THE ASSEMBLY, AND ANY ARRANGEMENT BETWEEN THE TWO TO SHOW THAT IMMEDIATE GENERAL ELECTIONS ARE THE ONLY ANSWER.

7. CONCLUSIONS. PROSPECTS THAT THE JUNE 4 ELECTIONS WILL TAKE PLACE ON SCHEDULE ARE STILL GOOD. BUT IT SEEMS INCREASINGLY LIKELY THAT THERE WILL BE ALTERATIONS IN THE ORGINAL SCHEME THEREAFTER. THE NOTION THAT AN ASSEMBLY ELECTED BY THE PEOPLE WOULD DEVOTE ITSELF EX-CONFIDENTIAL

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CLUSIVELY TO WRITING A CONSTITUTION IN THE MIDST OF ONE OF THE WORST FINANCIAL CRISES IN PERU'S HISTORY WAS ALWAYS FAR-FETCHEDM AND THE GENERALS, INCREASINGLY UNABLE TO COPE, WILL PROBABLY BE READY TO NEGOTIATE. THE FOREIGN MINISTER RECENTLY TOLD THE AMBASSADOR THAT THE ASSEMBLY WILL DEINITELY BE ALLOWED TO "LEGISLATE".) THE PERIOD FROM JUNE 4 TO THE SCHEDULED OPENING OF THE CONSTITUENT ASSEMBLY ON JULY 28 THUS LOOKS TO BE A PERIOD OF INTENSE NEGOTIAIONS, AND THE ULTIMATE PROSPECTS FOR A DEMOCRATIC SOLUTION WILL LIKELY BE AFFECTED BY THOSE NEGOTIATIONS.

8. WHAT THE PRESIDENT SON REMIGIO AND OMSE OF THE GENERALS WANT IS LEGITIMIZATION OF MORALES BERMUDEZ AND THE DECOROUS WITHDRAWAL OF THE ARMED FORCES AS SUCH FROM RESPONSIBILITY FOR THE GOVERNMENT. THAT WILL BE A DIFFICULT DEAL TO STRIKE FOR THE REASONS GIVEN ABOVE. THE ALTERNATIVES TO THAT PLAN INCLUDE A CONTINUATION OF THE STATUS QUO -- AN INCREASINGLY INTOLERABLE PROSPECT FOR PERUVIANS OF ALL KINDS -- AN ACCELERATED SCHEUDLE

FOR ENERAL ELECTIONS -- WHICH BEDOYA WILL PSUH FOR IF
HE DOES WELL IN JUNE -- AND THE TRADITIONAL PERUVIAN
SOLUTION OF THE GOLPE.
SHLAUDEMAM

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